

76 00391

Santa Margarita Water District
Improvement District No. 1-W,
Mission Viejo
\$7,000,000
1968 Water Bonds, Series C
General Obligation



Sale: March 19, 1975
Bartle Wells Associates

76 00391

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BY

**SANTA MARGARITA WATER DISTRICT
IMPROVEMENT DISTRICT NO. 1-W**

Orange County, California

Formed December 1968

25571 Marguerite Parkway
Mission Viejo, California 92675

BOARD OF DIRECTORS

Richard J. O'Neill, *President*

Carter G. Ford

Richard Racich

James E. West

Warren W. Wilson

Fritz R. Stradling, *Secretary and Legal Counsel*

Thomas O. Martin, *Treasurer*

James H. Smith, *General Manager and Chief Engineer*

Rutan & Tucker, Santa Ana

O'Melveny & Myers, Los Angeles

Co-Bond Counsel

Raub, Bein, Frost & Associates, Newport Beach

Professional Environmental Engineers and Planners

Bartle Wells Associates, San Francisco

Financing Consultants

PAYING AGENTS

Bank of America N.T. & S.A.

Los Angeles and San Francisco

Co-paying agents in New York and Chicago

Bids will be received by the district on Wednesday,
March 19, 1975 at 11:00 a.m. in Conference Room A,
Bank of America N.T. & S.A., 111 West Seventh Street,
Los Angeles, California.

Data in this statement were obtained from sources be-
lieved current and reliable. Estimates and opinions are
included and should not be interpreted as statements of
fact.

February 19, 1975

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Official statement prepared by
BARTLE WELLS ASSOCIATES
Municipal Financing Consultants
Shell Building Penthouse, 100 Bush Street
San Francisco, California 94104
(415) 981-5751

[Bartle wells associates]
Public utilities water
Orange Co., CA
water develop. " " "
Investments Public secur.



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IMP. DIST.
NO. 1-W & 1-S

MISSION
VIEJO

Interstate 5

Santa Margarita Water District

INTRODUCTION

Santa Margarita Water District covers about 63,000 acres in southern Orange County, California. In 1968 the district formed coterminous Improvement District No.'s 1-W and 1-S, Mission Viejo, to provide water and sewer improvements to about 6,655 acres of land encompassed in the Mission Viejo Company's development plan. The \$7,000,000 general obligation water bonds now being offered are the third series of bonds authorized in 1968 to construct water facilities in Improvement District No. 1-W, Mission Viejo. As of December 31, 1974, about 1,525 homes in the improvement district were occupied, an estimated population of 5,340.

Mission Viejo Company, a wholly-owned subsidiary of Philip Morris, Incorporated, began development in 1966 in a portion of Moulton-Niguel Water District, where general obligation water and sewer bonds were sold to provide for growth. Now that the Moulton-Niguel Water District portion is substantially developed, the company is concentrating development in Santa Margarita Water District's Improvement District Nos. 1-W and 1-S.

Land only is subject to tax or assessment by Improvement District No. 1-W, Mission Viejo, for payment of bond service. The 1974/75 assessed valuation of the coterminous improvement districts is \$6,829,030 on land only. Fair market value, as appraised by Cedric A. White, M.A.I., is \$60,000,000. A copy of the appraisal letter of transmittal is included as an appendix to this official statement.

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THE BONDS

Description: \$7,000,000 Santa Margarita Water District Improvement District No. 1-W, Mission Viejo; 1968 Water Bonds, Series C; general obligation, \$5,000 denomination.

Date: March 1, 1975.

Interest: Coupons payable on March 1, 1976 and semiannually thereafter on September 1 and March 1.

Bond Discount: 1½ percent maximum.

Maturities: Annually, on March 1 as follows:

1977	\$100,000
1978	125,000
1979	175,000
1980	200,000
1981-1987	250,000
1988-1992	300,000
1993-1995	350,000
1996-1998	400,000
1999-2000	450,000

Redemption: Bonds maturing 1977-1985 (\$1,850,000) not callable. Bonds maturing 1986-2000 (\$5,150,000) callable as a whole or in part on any interest payment date on or after March 1, 1985, in inverse order of maturity and by lot within each maturity. Premium is 1 percent for each year or portion of a year from date of redemption to date of maturity or 6 percent maximum.

Registration: Coupon bonds, registrable as to principal only or as to both principal and interest, with provisions for deregistration.

Security: The bonds are general obligations of Santa Margarita Water District Improvement District No. 1-W, Mission Viejo. The improvement district is obligated to levy ad valorem assessments on land in the improvement district without limitation as to rate or amount, for payment of principal and interest. The district currently levies a connection charge, a bi-monthly service charge, and a standby assessment to supplement tax revenues.

Additional Security: The District Board of Directors has adopted a policy statement which does not change the security of the bondholder, but which does clarify its method of raising the revenues necessary to meet water system costs, including bond service. The water rates currently charged, cited in the table on page 15, the tax rate on land only and the standby charges as cited on page 9 are the revenues to be collected from the homeowners and other owners of the developed lands of Improvement District No. 1-W, and the balance of necessary revenues will be collected in the form of acreage charges levied against undeveloped land, and the connection charges paid by the developers.

Bond Reserve Fund: A Bond Reserve Fund of \$470,000 has been established by the district. Interest earned on said monies shall remain in said Fund until said Fund shall be at all times equal to the average annual debt service thereafter due on the outstanding Series C bonds. If this Bond Reserve Fund is drawn upon for debt service, it will be replenished from the next annual assessment. The money in the Bond Reserve Fund may be used or invested as specified in the Resolution of Issuance for the Series C bonds, dated November 18, 1974, as amended.

Tax Exemption: In the opinion of bond counsel, interest is exempt from present federal income taxes and from California personal income taxes under existing statutes, regulations, and court decisions.

Payment: At the principal office of Bank of America N.T. & S.A., Los Angeles and San Francisco, and at principal offices of co-paying agents in New York and Chicago.

Authority for Issuance: At an election September 17, 1968, \$25,000,000 general obligation bonds were authorized by the voters of Improvement District 1-W, Mission Viejo, and \$30,000,000 were authorized by the coterminous Improvement District 1-S, Mission Viejo. The \$7,000,000 1968 Water Bonds, Series C, are a portion of the \$25,000,000 authorization and are issued pursuant to California Water District Law, and by resolution adopted November 18, 1974. Series A water bonds in the amount of \$1,600,000 were sold on October 8, 1968, and Series B bonds water bonds in the amount of \$3,100,000 were sold on November 13, 1972. On October 16, 1972, an additional \$6,500,000 general obligation bonds were authorized by notice and hearing for Improvement District 1-W Mission Viejo, pursuant to Division 13 of the California Water Code.

Additional Bonds: After the sale of the Series C bonds, a balance of \$19,800,000 water bonds is authorized but unsold. The district does not intend to offer any additional bonds of Improvement District No. 1-W for sale prior to March 1, 1976, and then only if necessary and subject to the approval of the California Districts Securities Division.

Certification for Investment: Issuance of the bonds is subject to investigation and approval by the California Districts Securities Division (DSD), Office of the State Department of Banking. Series A and B bonds were approved prior to their issue by the DSD.

Annual Bond Service: The accompanying table shows estimated annual requirements for interest and principal on Series C bonds, as well as actual payments required on Series A and B bonds.

Legal Opinion: The opinion of Rutan & Tucker, Santa Ana, California and O'Melveny & Myers, Los Angeles,

approving the validity of the bonds, will be furnished to the successful bidder. A copy of the opinion of O'Melveny & Myers, certified by an officer of the district, will be printed on each bond at the district's expense.

Purpose: Bond proceeds will be used to install water facilities in the district, including a reservoir, pump station additions, and transmission lines.

Date of Sale: Wednesday, March 19, 1975. Bonds will be awarded pursuant to the Official Notice Inviting Bids dated November 18, 1974, as amended.

THE CALIFORNIA DISTRICTS SECURITIES DIVISION

The California Districts Securities Division, office of the State Treasurer, is a state agency as provided under Division 10 of the Water Code. The Districts Securities

Advisory Commission consists of a representative of the Department of Water Resources and four other members all appointed by the State Treasurer. The Advisory Commission reviews the construction and financing programs of certain types of water and sewer districts. Sale of bonds of these districts is subject to the approval of the State Treasurer for certification by the State Controller.

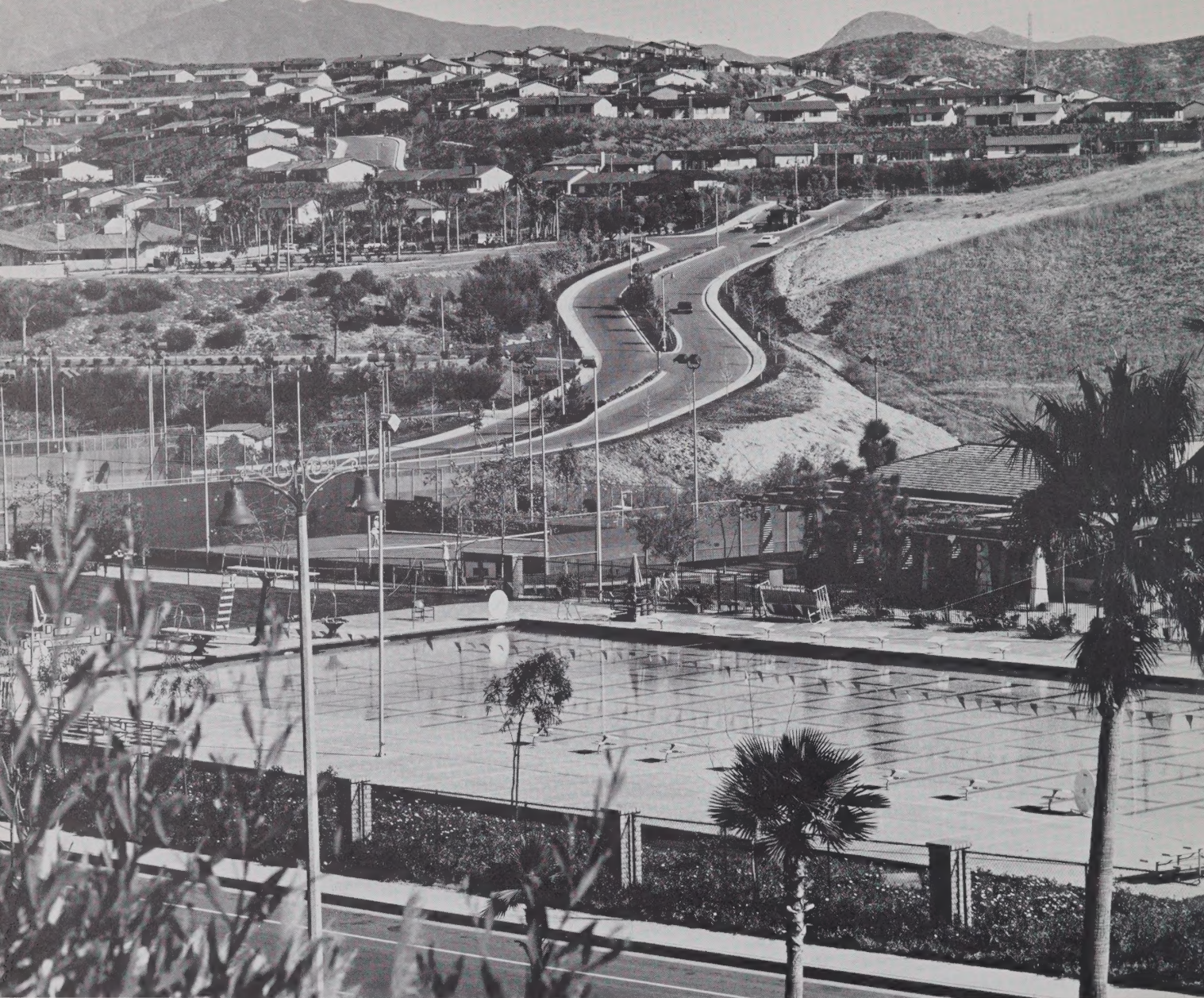
The Santa Margarita Water District, formed under the California Water District Law (Water Code Sections 34000 et seq.) is subject to the jurisdiction of the Districts Securities Division. Prior to the approval of the sale and certification of bonds, the division staff makes a thorough investigation of the project, bond security, terms, and conditions. Expenditure of bond proceeds must be approved by the State Treasurer. Districts under the jurisdiction of the commission must file an annual report of revenues and expenses with the division.

SANTA MARGARITA WATER DISTRICT IMPROVEMENT DISTRICT NO. 1-W COMBINED ANNUAL BOND SERVICE REQUIREMENTS

Fiscal Year	Series A \$1,600,000 Actual Bond Service	Series B \$3,100,000 Actual Bond Service	Series C			Total Annual Bond Service
			Interest Estimated at 7½%	Principal	Total	
1974/75.....	\$ 115,812.50	\$ 226,480.00	\$ —	\$ —	\$ —	\$ 342,292.50
1975/76.....	114,562.50	251,230.00	525,000 ^①	—	525,000	890,792.50
1976/77.....	113,250.00	244,930.00	525,000 ^①	100,000	625,000	983,180.00
1977/78.....	111,875.00	248,280.00	517,500	125,000	642,500	1,002,655.00
1978/79.....	110,500.00	240,890.00	508,125	175,000	683,125	1,034,515.00
1979/80.....	109,093.75	253,580.00	495,000	200,000	695,000	1,057,673.75
1980/81.....	131,937.50	246,380.00	480,000	250,000	730,000	1,108,317.50
1981/82.....	129,062.50	250,130.00	461,250	250,000	711,250	1,090,442.50
1982/83.....	126,187.50	243,565.00	442,500	250,000	692,500	1,062,252.50
1983/84.....	123,312.50	236,837.50	423,750	250,000	673,750	1,033,900.00
1984/85.....	120,437.50	230,012.50	405,000	250,000	655,000	1,005,450.00
1985/86.....	117,500.00	232,925.00	386,250	250,000 ^②	636,250	986,675.00
1986/87.....	138,750.00	225,575.00	367,500	250,000 ^②	617,500	981,825.00
1987/88.....	134,250.00	218,225.00	348,750	300,000 ^②	648,750	1,001,225.00
1988/89.....	129,750.00	210,875.00	326,250	300,000 ^②	626,250	966,875.00
1989/90.....	125,250.00	208,393.75	303,750	300,000 ^②	603,750	937,393.75
1990/91.....	145,000.00	200,781.25	281,250	300,000 ^②	581,250	927,031.25
1991/92.....	139,000.00	193,168.75	258,750	300,000 ^②	558,750	890,918.75
1992/93.....	133,000.00	185,556.25	236,250	350,000 ^②	586,250	904,806.25
1993/94.....	127,000.00	202,287.50	210,000	350,000 ^②	560,000	889,287.50
1994/95.....	121,000.00	193,362.50	183,750	350,000 ^②	533,750	848,112.50
1995/96.....	115,000.00	194,175.00	157,500	400,000 ^②	557,500	866,675.00
1996/97.....	109,000.00	184,725.00	127,500	400,000 ^②	527,500	821,225.00
1997/98.....	103,000.00	—	97,500	400,000 ^②	497,500	600,500.00
1998/99.....	—	—	67,500	450,000 ^②	517,500	517,500.00
1999/2000.....	—	—	33,750	450,000 ^②	483,750	483,750.00
	<u>\$2,943,531.25</u>	<u>\$5,122,365.00</u>	<u>\$8,169,375</u>	<u>\$7,000,000</u>	<u>\$15,169,375</u>	<u>\$23,235,271.25</u>

① Funded from bond proceeds.

② Callable March 1, 1985.



Above: Homes of the Casta del Sol community overlook the Marguerite Recreation Center. The center has an Olympic-sized swimming pool where the Nadadores Swim Team practices. The team has won honors in many local, regional, and national meets.

Left: Mission Viejo has two golf courses, Mission Viejo and Casta del Sol. Mission Viejo championship golf course, nicknamed "Mission Impossible" was designed by Robert Trent Jones.

Photos by The Association, Costa Mesa.

SANTA MARGARITA WATER DISTRICT

DISTRICT ORGANIZATION

Santa Margarita Water District was formed in December 1964 under provisions of the California Water District Law (Sections 34000 et seq. of the California Water Code). The district covers about 63,150 acres, as shown in the centerfold map.

The district is a landowner-vote district. District formation, election of officers, and authorization of bonds are by vote of qualified electors, defined under the law as owners of the land.

Major landholders and their approximate ownerships or options within the district include the following:

Rancho Mission Viejo	40,450 acres
Mission Viejo Company	6,655 acres
Starr Viejo Park	5,500 acres
Coto de Caza, Bonnie Valley Corporation	4,930 acres
Audobon Society Preserve	3,800 acres
Top of the Starr	875 acres
County Landfill Site	950 acres

The district has five directors:

Richard J. O'Neill, President, has an interest in the Richard J. O'Neill Trust, the Crocker National Bank Trust, and is co-trustee of the Alice O'Neill Avery and the Richard J. O'Neill Trust.

Richard Racich, Vice President, is an independent consultant.

James E. West, Vice President, is a member of the Board of Mission Viejo Company.

Carter G. Ford, Vice President, is an independent consultant.

Warren W. Wilson, Vice President, is a Trust Officer of Crocker National Bank.

Other district officers are Thomas O. Martin, Treasurer, and Fritz R. Stradling, Secretary. Mr. Martin is a certified public accountant and a principal in Martin, Grimshaw Accountancy Corporation and Mr. Stradling is a partner in the law firm of Rutan & Tucker, Santa Ana. James H. Smith is General Manager and Chief Engineer of the district, and is a registered professional engineer in California.

Descriptions and interrelationships of the various interests represented on the district board and in the development of Mission Viejo are presented in the section titled "Mission Viejo."

IMPROVEMENT DISTRICT NOS. 1-W AND 1-S

A California Water District has broad powers under the law to plan, finance, construct, acquire, and operate water facilities. It may also provide sewerage services if authorized by a majority of votes cast at a district election.



Construction of new housing is underway in Improvement District No. 1-W. These "Castille" homes range from \$44,500 to \$58,500.

Improvement District Nos. 1-W and 1-S are coterminous districts established August 21, 1968 by resolution of the board of directors of Santa Margarita Water District. Improvement District No. 1-W was formed to finance water improvements and 1-S to finance sewerage improvements in the westerly portion of Santa Margarita Water District known as Mission Viejo.

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These improvement districts cover some 6,655 acres. As shown on the map, Mission Viejo generally parallels Interstate 5, the San Diego Freeway. The improvement districts are bordered on the west by another recently urbanized Mission Viejo area, that lies within the Moulton-Niguel Water District.

VTN Orange County, consulting engineers, prepared a revised master plan of works for construction of water and sewer facilities in the improvement districts, particularly to serve Mission Viejo development. This was published in 1972 and it provides for a 14-year construction period.

Another engineering consultant, Raub, Bein, Frost & Associates, of Newport Beach, is preparing a water resources master plan for the entire water district. The Series C bonds described in this official statement are needed to finance water improvements for this development program.

Prior to 1972 the district was virtually uninhabited. In that year Mission Viejo Company began construction of residences and related facilities in the Mission Viejo portion of Improvement District Nos. 1-W and 1-S, where there are now about 1,500 occupied dwelling units.

WATER SUPPLY

Improvement District No. 1-W is located within Annexation Area No. 8-A of Municipal Water District of Orange County, a member of the Metropolitan Water District of Southern California, which is the source of supply. Series C bond projects include about six miles of 27-inch water transmission line which will connect with the existing Aufdenkamp (Laguna Canyon) Transmission Main. Santa Margarita Water District owns 14

cubic feet per second capacity in East Orange County Feeder No. 2, and has an option to 14 cfs in the Aufdenkamp Main, which will replace the temporarily leased capacity in the other main and will meet the increasing needs of Improvement District No. 1-W.

SEWAGE TREATMENT AND DISPOSAL

Santa Margarita Water District is a member of a joint powers agency known as the South East Regional Reclamation Authority (SERRA). SERRA proposes to own and operate a regional sewage treatment plant near the coastal communities of Dana Point and Capistrano Beach. The plant is currently operated by the City of San Juan Capistrano. At the present time Santa Margarita Water District owns 0.5 million gallons per day (mgd) capacity in this plant. The SERRA 30.6 mgd ocean outfall has been approved for construction by the San Diego Regional Water Quality Control Board. U.S. Environmental Protection Agency has approved a Step I planning grant of \$484,000 for the ocean outfall, and the Step II final design and Step III construction grants are anticipated. The Regional Coastal Commission has not approved the construction, and that decision is now on appeal to the State Coastal Commission. SERRA anticipates that this ocean outfall will be approved for construction. The Santa Margarita Water District has undertaken studies of alternative methods of providing for its ultimate sewage treatment and disposal needs. The district is committed to a program that will expand this plant or provide an alternate facility for treatment and disposal of up to 4.0 mgd from the district.

OPERATION AND MAINTENANCE

The district handles all operation and maintenance of water and sewer facilities within the district. The district also handles its own administrative services, including customer relations and billing and collection services. The district currently has seven employees.

FINANCIAL DATA

ASSESSED VALUATION

The assessed valuation of property in Santa Margarita Water District, and in Improvement District Nos. 1-W and 1-S, is determined annually, in March, by the Orange County assessor. Only land is subject to district ad valorem assessments. Improvements and personal property are not taxable by the district under California Water District law.

The following table summarizes the assessed valuation of land in the Santa Margarita Water District for each year since the district was formed. The table shows separate assessed valuation information on land in Improvement District Nos. 1-W and 1-S.

The assessed valuation for the district for 1974/75 based on estimated all property is \$13,754,160. This latter valuation is subject to taxation for county and school purposes. According to the State Board of Equalization, property on the local secured roll in Orange County is assessed at 25.0 percent of market value for the 1974/75 fiscal year.

TAX AND ASSESSMENT RATES

The accompanying table shows 1974/75 tax rates and ad valorem assessments in typical tax code areas in both Improvement District Nos. 1-W and 1-S and in nearby communities. In Improvement District Nos. 1-W and 1-S a tax rate of \$8.7808 per \$100 of assessed valuation applies to all property. The district's total ad valorem assessment of \$3.50 per \$100 of assessed valuation on land only is in addition to the general tax rate.

A typical residence in Mission Viejo has a total assessed valuation of about \$10,000 and an assessed value of about \$2,200 on land only. Thus an ad valorem assessment of \$3.50 on land produces \$77 and is equivalent to a tax on all property of about \$0.77 per \$100 assessed valuation.

As shown in the table the \$3.50 tax rate consists of a \$0.50 ad valorem assessment throughout Santa Margarita Water District, a \$2.00 ad valorem assessment levied by Improvement District No. 1-W, and a \$1.00 ad valorem assessment levied by Improvement District No. 1-S. Present district policy is to hold its ad valorem assessment constant from year to year.

SANTA MARGARITA WATER DISTRICT ASSESSED VALUATIONS ON LAND ONLY

Fiscal Year	Over-All District	I.D. Number 1-W and 1-S	Percent Increase
1965/66.....	\$ 771,400	\$ —	— %
1966/67.....	778,320	—	—
1967/68.....	779,440	—	—
1968/69.....	4,323,040	—	—
1969/70.....	5,727,120	619,250	—
1970/71.....	5,385,780	646,010	4.3
1971/72.....	6,641,620	1,971,850	205.0
1972/73.....	8,780,570	3,332,330	69.0
1973/74.....	10,250,810	5,005,790	50.0
1974/75.....	12,925,100	6,829,030	36.0

Source: District and county records.

SANTA MARGARITA WATER DISTRICT TAX RATE COMPARISON IN TYPICAL CODE AREAS

	Santa Margarita 1-W and 1-S	Moulton-Niguel 3A	El Toro WD
Tax Code No.....	82065	88049	88074
All-Property Taxes			
Orange County	\$2.2545	\$ 2.2545	\$ 2.2545
Schools	5.2047	7.2886	7.2886
Flood control	0.2222	0.2222	0.2222
Harbor and park.....	0.1843	0.1843	0.1843
County service areas...	0.5169	0.4169	0.1504
Metropolitan water	0.3900	0.1500	0.1500
Other	0.0082	0.0082	0.0082
Total.....	\$8.7808	\$10.5247	\$10.2582

Land-Only Ad Valorem Assessments

District wide.....	\$0.5000	\$ 0.8900	\$ 1.2409
Improvement district ..	2.0000 ^①	1.8400	—
Bond fund.....	1.0000 ^②	—	—
Other ^③	0.2117	0.8900	—

① 1-W tax.

② 1-S tax.

③ Orange County Street Lighting District—Taxes on land and improvements.

In addition to its ad valorem assessment the district also levies a standby assessment from time to time. In 1974/75 the standby assessment being levied is \$5.00 per developed lot and \$33.25 per undeveloped acre.

TAX AND ASSESSMENT COLLECTION AND DELINQUENCIES

District assessments are billed and collected by the Orange County tax collector along with taxes and assessments levied by the county, schools, and other districts. The Orange County assessor establishes valuations annually as of March 1 and taxes and assessments are levied in the first week of September. Payments may be made in two equal installments, becoming delinquent December 10 and April 10.

The delinquency penalty is 6 percent. Delinquent property is sold at the end of the fiscal year to the state and may be redeemed by the assessed owner within five years on payment of delinquencies, penalties, and interest, which accrues at one percent per month for the first year and one-half of one percent thereafter.

According to the Orange County auditor, delinquencies on property taxes and assessments were as follows:

SANTA MARGARITA WATER DISTRICT IMPROVEMENT DISTRICT NO. 1-W TAX LEVIES AND DELINQUENCIES

Fiscal Year	Assessed Valuation*	Secured Tax (or Assessment) Levy	Amount Delinquent June 30
1969/70	\$ 619,250	\$ 0	0
1970/71	646,010	62,999	0
1971/72	1,971,850	0	0
1972/73	3,332,330	66,646	0
1973/74	5,005,790	67,748	n.a.

* Land only.

Source: Auditor-Controller, County of Orange.

TAX RATE LIMITATIONS

In 1972 and 1973 the California Legislature passed legislation intended to discourage unnecessary increases in ad valorem property taxes. This legislation generally limits the district's tax rate to that which it levied in 1972/73, but permits stepped annual increases based on a combination of growth in population and the California Price Index. Tax rate increases duly authorized by the voters, including general obligation bond authorizations, are not restricted.

The district is in the South Coast Air Basin, which includes six southern California counties. The area has

been designated a "critical air area" by the California Air Resources Board and as an "Air Quality Control Area" under the California Transportation Control Plan promulgated by the Environmental Protection Agency, acting pursuant to the Federal Clean Air Act. Such designations may have some effect on population and economic growth in the district. The district does not anticipate that either the tax rate limitation or their critical air designation will restrict the district in any way that will affect its ability to levy an ad valorem property tax or assessment as necessary to meet all district expenses including bond debt service.

DIRECT AND OVERLAPPING DEBT

The debt statement shows estimated direct and overlapping debt of Improvement District Nos. 1-W and 1-S, Mission Viejo.

Santa Margarita Water District annexed to the Metropolitan Water District of Southern California (Metro) on March 29, 1965. An annexation charge of \$100 per acre, payable to Metro through an ad valorem tax levied on all property in the district at a rate not exceeding \$0.75 per \$100 assessed valuation, was set for eight annexation areas numbering 8-A to 8-H. The unpaid balance accumulates interest at a rate of 4 percent a year.

APPRAISED VALUE

Land in Improvement District Nos. 1-W and 1-S, Mission Viejo, has been appraised in connection with each series of bonds sold by the districts. The following table shows appraised fair market value of land at the time of each sale, and shows the ratio of appraised land value to estimated aggregate value of property owned by the district. A letter from Cedric A. White, Jr., M.A.I. and Philip S. Jackson, M.A.I., summarizing the details of the latest appraisal, is included as an appendix to this statement.

SANTA MARGARITA WATER DISTRICT IMPROVEMENT DISTRICTS NO. 1-W AND 1-S HISTORY OF FAIR MARKET VALUE RAW ACREAGE AND LAND IMPROVEMENTS*

Valuation Year	Fair Market Value	Appraisal Consultant
1968	\$11,500,000	George Hamilton Jones, M.A.I.
1970	14,650,000	George Hamilton Jones, M.A.I.
1972	24,700,000	George Hamilton Jones, M.A.I.
1974	60,000,000	Cedric A. White, Jr., M.A.I.

* Land improvements consist only of site improvement costs.

**SANTA MARGARITA WATER DISTRICT—IMPROVEMENT DISTRICT NO. 1-W
RATIO OF APPRAISED LAND TO AGGREGATE PROPERTY VALUE**

Bonds Sold	Aggregate Property Value ^①	Appraised Fair Market Value of Land ^②	Ratio of Appraised Land Value to Aggregate Property Value
Series A, 1968			
1-W \$ 1,600,000			
1-S 1,900,000.....	\$ 2,600,000	\$11,500,000 ^③	4.4
Series B, 1972			
1-W \$ 3,100,000			
1-S 1,100,000.....	\$ 5,800,000	\$24,700,000 ^③	4.3
Proposed Series C, 1975			
1-W \$ 7,000,000.....	\$11,000,000	\$60,000,000 ^④	5.4

① Aggregate property value owned by the district estimated as 75% of bonds sold.

② Includes site improvement costs.

③ Appraisals by George Hamilton Jones, M.A.I.

④ Appraisals by Cedric A. White, M.A.I.

**SANTA MARGARITA WATER DISTRICT—IMPROVEMENT DISTRICT NO. 1-W
DIRECT AND OVERLAPPING BONDED DEBT**

	Percent Applicable	Debt Applicable March 19, 1975
Orange County	0.219%	\$ 9,559 ^①
Orange County Building Authorities	0.219	59,776
Orange County Flood Control District	0.219	50,359
Metropolitan Water District	0.038	553,668
Saddleback Junior College District	1.224	87,883
Capistrano Unified School District	4.033-4.082	1,245,562
Saddleback Unified School District	0.344	29,859
Tustin Unified High School District (various issues)	0.094-0.132	10,295
San Joaquin School District (various issues)	0.173-0.215	26,273
Santa Margarita Water District, Improvement District No. 1-S	100.	2,885,000
Santa Margarita Water District, Improvement District No. 1-W	100.	11,505,000 ^②
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$16,463,234

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Ratios to:	1974/75 Assessed Valuation ^③		1974/75 Fair Market Value ^④	1974 Population 5,340
	(All Property) \$13,754,160	(Land Only) \$6,829,030		
Direct debt (1-W)	83.65%	168.47%	19.18%	\$2,154.49
Direct debt (1-W + 1-S)	104.62	210.72	23.98	2,694.76
Total debt	119.70	241.08	27.44	3,083.00

Share of Authorized and Unsold Bonds:

Metropolitan Water District	\$ 138,700
Saddleback Unified School District	66,392
Santa Margarita Water District, Improvement District No. 1-W	19,800,000
Santa Margarita Water District, Improvement District No. 1-S	27,000,000

Share of State School Building Aid Repayable as of June 30, 1974 \$102,791

① Excludes share of Orange County lease-purchase obligations.

② \$7,000,000 to be sold March 19, 1975.

③ The State Board of Equalization reports that 1974/75 Orange County assessed valuations average 25.0% of full value. Public utility property (\$2,030) is assessed by the State Board of Equalization at 25% of market value. Only land, assessed at \$6,829,030, is subject to ad valorem assessments by Improvement District Nos. 1-W and 1-S.

④ Land in Improvement District Nos. 1-W and 1-S has been appraised at \$60,000,000. A copy of the appraisal letter of transmittal has been appended to this official statement.

**SANTA MARGARITA WATER DISTRICT—IMPROVEMENT DISTRICT NO. 1-W
BALANCE SHEET, JUNE 30, 1974**

Assets

Utility plant, at cost.....	\$4,697,012
Less accumulated depreciation.....	(146,941)
Total Utility Plant	\$4,550,071
Restricted assets	
Cash in bank.....	332,413
Bank certificates of deposit at cost.....	1,574,181
Due from general fund.....	66,729
Other accounts receivable.....	2,585
Total Restricted Assets.....	\$1,975,905
Current assets	
Deposits	\$ 1,625
Accounts receivable, trade	46,383
Taxes receivable, net of reserve for delinquency	906
Due from 1968 water bonds, Series A and C, construction fund	41,746
Other accounts receivable.....	28,536
Total Current Assets.....	\$ 119,196
Other assets	
Bond discount and issuance costs.....	\$ 153,442
Less: accumulated amortization.....	27,328
Total Other Assets.....	\$ 126,114
Total Assets	\$6,771,286

Liabilities

Long-term debt ^①	\$5,488,720
Current liabilities ^②	
Accounts payable.....	22,700
Construction contracts retention payable...	4,674
Due to general fund.....	17,728
Other current liabilities	
Bank overdraft	80,777
Accounts payable	38,285
Bond principal due within year ^③	85,000
Other long-term debt due within year ^④	491,860
Due to 1968 water bonds, Series B, construction fund	66,726
Accrued interest payable.....	36,908
Total Current Liabilities.....	\$ 844,658

Reserves and Fund Balances

Bond reserve funds	
1968 water bonds, Series A.....	\$ 125,000
1968 water bonds, Series B.....	175,000
Reserve for authorized expenditures	
1968 water bonds, Series A construction fund	73,339
1968 water bonds, Series B construction fund	1,557,463
Contributed tract facilities.....	325,527
Unappropriated fund balance.....	(1,818,421)
Total Reserves and Fund Balances.....	\$ 437,908
Total Liabilities, Reserves and Fund Balances	\$6,771,286

① Consisting of total outstanding on 1968 water bonds, Series A and B, plus two notes payable to Municipal Water District of Orange County; total outstanding is \$6,065,580 less portion due within one year, equals \$5,488,720. Final payment on installment notes is December 1, 1978.

② To be paid from restricted assets (\$195,905).

③ Sum of 1968 water bonds, Series A principal—\$25,000; 1968 water bonds, Series B principal—\$60,000.

④ Sum of note installments of \$378,172 and \$113,688.

Source: Audited financial statements as prepared by Hanson, Peterson, Cowles and Sylvester, Certified Public Accountants, Tustin.

**SANTA MARGARITA WATER DISTRICT—IMPROVEMENT DISTRICT NO. 1-W
REVENUE AND EXPENSE PROJECTION**

	1974/75	1975/76	1976/77	1977/78	1978/79
Assessed valuation—land only (000) ^①	\$6,829	\$9,604	\$12,921	\$17,103	\$22,256
Number of services (average).....	1,500	2,475	3,675	4,995	6,485
New connections	1,025	1,088	1,260	1,405	1,580
Unservd land (acres).....	6,000	5,708	5,396	5,037	4,635
Tax rate	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Revenue					
Water sales ^②	\$ 458,900	\$ 571,250	\$ 551,250	\$ 749,250	\$ 972,750
Meter sales ^②	66,625	70,720	81,900	91,325	102,700
Connection charges ^③	51,250	54,400	63,000	70,250	79,000
Capitalized interest	166,500	525,000	525,000	—	—
Other interest	105,000	25,000	25,000	25,000	25,000
Fees and miscellaneous.....	26,000	26,520	27,050	27,591	28,143
Acreage assessment	13,000	19,000	—	156,000	—
Standby assessment ^④	—	6,188	9,188	12,488	16,213
Tax levy ^⑤	129,751	182,476	245,499	324,957	422,864
Total Revenue	\$1,017,026	\$1,480,554	\$1,527,887	\$1,456,861	\$1,646,670
Expense					
Administration and operation.....	\$ 616,600	\$ 647,845	\$ 481,433	\$ 517,540	\$ 556,356
Bond service					
Series A.....	115,800	114,600	113,200	111,900	110,500
Series B.....	226,500	251,200	244,900	248,300	240,900
Series C (estimated).....	—	525,000	625,000	642,500	683,100
Total Expense	\$ 958,900	\$1,538,645	\$1,464,533	\$1,520,240	\$1,590,856
Net Revenue (deficit).....	\$ 58,126	\$ (58,091)	\$ 63,354	\$ (63,379)	\$ 55,814
Ending Balance.....	\$ 58,126	\$ 35	\$ 63,389	\$ 10	\$ 55,824

① Assessed valuation based on developer's build out.

② Water sales based on average annual charge of \$150 per service, consisting of \$90 for residential use and \$60 for nonresidential purposes.

③ Meter sales based on \$65 per new connection.

④ Connection charge is \$50 per dwelling unit equivalent.

⑤ Standby assessment is \$2.50 per year per developed lot.

⑥ Tax levy assumes 5% delinquency.

REVENUES AND EXPENDITURES

The following tables present a history of revenues and expenditures for Santa Margarita Water District Improvement District No. 1-W for the fiscal years ending June 30, 1972, 1973 and 1974, and the projected revenues and expenditures for Improvement District No. 1-W for the next five years, through June 30, 1979. Also presented is a consolidated balance sheet for Improvement District No. 1-W for the year ending June 30, 1974.

In addition to revenues from ad valorem assessment,

a standby assessment and miscellaneous sources of income, Improvement District No. 1-W has a system of rates and charges for water service as follows:

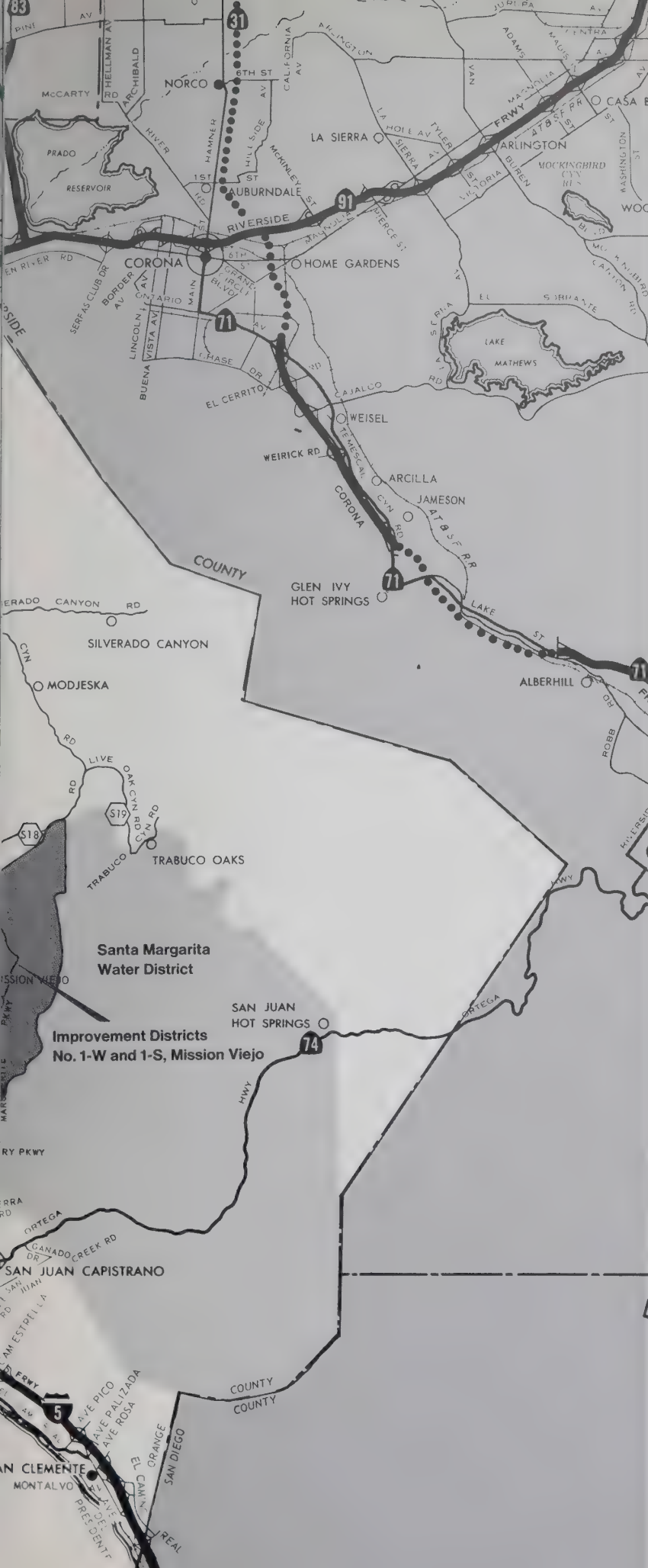
Bimonthly service charge . .	\$8.00 plus \$0.30 per 100 cubic feet used in excess of 1,000 cubic feet
Connection charge	\$50 per dwelling unit or equivalent

SANTA MARGARITA WATER DISTRICT IMPROVEMENT DISTRICT NO. 1-W REVENUE AND EXPENSE HISTORY

	1971/72	1972/73	1973/74
Revenue			
Operating Income			
Water and sanitation charges	\$ —	\$ 21,670	\$108,862
Meters	—	—	80,699
Special assessments and other	1,172	10,165	40,338
Net Operating Income	\$ 1,172	\$ 31,835	\$229,899
Non-Operating Income			
Property taxes and acreage assessments	\$ —	\$ 66,647	\$280,374
Interest income	64,832	78,439	182,058
Connection fees	—	13,818	54,760
Contributions in aid of construction	1,084	123,300	202,227
Total Non-Operating Income	\$ 65,916	\$282,204	\$719,419
Expense			
Operating Expense			
Water purchases	\$ —	\$ 15,595	\$ 70,808
Capacity rights	—	44,531	33,804
Meter purchases	—	—	65,555
Salaries	—	12,919	11,466
Power	—	5,809	11,569
Maintenance and operations	4,855	3,278	15,067
Other operations	—	699	2,360
General and administrative	—	2,831	47,548
Depreciation	21,944	39,851	74,172
Total Operating Expenses	\$ 26,799	\$125,513	\$332,349
Non-Operating Expense			
Interest expense	\$ 93,938	\$196,291	\$195,041
Amortization of bond discount and issuance costs	3,021	6,679	9,320
Prior years and other	—	4,778	5,462
Total Non-Operating Expense	\$ 96,959	\$207,748	\$209,823
Net Income (or Loss)	\$ (56,670)	\$ (19,222)	\$407,146

Source: Audited financial statements as prepared by Hanson, Peterson, Cowles, and Sylvester, Certified Public Accountants, Tustin.





MAJOR INDUSTRIAL EMPLOYERS OF 500 OR MORE ORANGE COUNTY, CALIFORNIA

	Employees
Rockwell International, Autonetics Division	12,400
McDonnell Douglas, Astronautics Co.	7,800
Hughes Aircraft Co. GSG	5,469
Beckman Instruments, Inc.	3,500
Northrop Corporation, Electro-Mech Division	2,330
Philco-Ford, Aeronutronic Division	2,000
ITT Cannon Electric	1,800
Travenol, Hyland Division	1,600
Century Data Systems, Inc.	1,555
AMF Voit, Inc.	1,500
Hunt-Wesson Foods	1,500
Rockwell International Space Division	1,463
Emhart Corporation, Kwikset Division	1,254
Collins Radio Corporation	1,253
Hughes, Division of Hughes Aircraft	1,250
Aerojet General Corporation	1,242
California Computer Products, Inc.	1,200
Laura Scudders, Division of Pet, Inc.	1,191
Parker Hannifin Company	1,100
Celesco Industries, Inc.	1,000
Bertea Corporation	987
Kirkhill Rubber Company	928
Astech	806
Interstate Electronics Corporation	800
Townsend Co., Cherry Rivet Division	772
Varian Data Machines, Varian Subdivision	767
Royal Industries	750
Ling Electronics, Division of Altec	740
Standard Pressed Steel Co.	730
Kimberly Clark Corporation	725
Freedom Newspapers, Inc.	700
Altec, Division of Altec Corporation	689
CBS Musical Instruments, Division of Columbia Broadcasting Systems, Inc.	675
Union Oil of California, Research Department	607
Azusa Western	600
Lear Siegler, Inc., Electrical Instrumentation	600
General Automation, Inc.	600
LM Cox Manufacturing Co.	590
Swedlow, Inc.	575
Electronic Engineering Co. of California	550
Kaynar Mfg. Co., Inc.	535
Econolite, Division of Altec	530
Anaconda Electronics	510
Xerox Corporation	509
Allergan Pharmaceuticals Corp.	500
Kraft Foods Co.	500

Source: Orange County Chamber of Commerce, 1974.

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DISTRICT BOND PROJECTS

BOND AUTHORIZATION

Landholders in Improvement District No. 1-W authorized general obligation bonds for water system improvements in the amount of \$25 million at an election on September 17, 1968. At the same time they authorized general obligation bonds in the amount of \$30 million for sewer system improvements in Improvement District No. 1-S, and they approved in general a master plan for development of water and sewerage facilities. On October 16, 1972, \$6,500,000 general obligation bonds were authorized by notice and hearing for Improvement District No. 1-W, Mission Viejo, pursuant to Division 13 of the California Water Code.

Facilities constructed and to be constructed include both water transmission and storage facilities and sewer trunks and interceptors, as well as treatment and disposal facilities.

DISTRICT FINANCING POLICIES

The district uses general obligation bonds to finance the design and construction of all major water and sewerage facilities. Present district financing policy is to maintain a stable system of user charges and a level assessment rate, and to pass along the cost of facilities to serve new developments to the developer either through connection charges, or standby assessments on undeveloped land.

FIXING RATES AND CHARGES

The directors of the district have adopted a revenue source policy regarding the method by which moneys will be raised from water sales, ad valorem assessments, standby charges, connection charges and acreage assessments. The policy states that all water system expenses including bond service will be met from: (a) Water sales rates maintained at their current level, except to adjust them for changes in purchased water costs and system operating costs; (b) Ad valorem assessment rate will not exceed \$2.00 per \$100 of assessed value of land only; (c) Standby assessment rate will not exceed \$2.50 per year per developed residential lot, or its equivalent. The balance of necessary revenues will be obtained from; (d) Connection charges paid by developers; (e) Acreage as-

sessments levied on undeveloped lands; and (f) Miscellaneous revenue sources of the district.

SERIES C WATER BONDS

The Series C water bonds will be used to expand an existing pump station and to construct about six miles of major transmission line outside the district. These will provide additional firm capacity for water supply. Other water system improvements include additional transmission mains, pump station additions, and a storage reservoir inside the district.

The accompanying table shows the allocation of Series C water bond proceeds.

SANTA MARGARITA WATER DISTRICT IMPROVEMENT DISTRICT NO. 1-W ALLOCATION OF SERIES C BOND PROCEEDS

Water System Improvements:

Transmission intertie	\$1,560,000
Pump station additions.....	80,000
Transmission mains	1,190,000
Zone III reservoir.....	600,000

1974 construction cost.....	\$3,430,000
Cost escalation at 15%.....	515,000

1975 construction cost.....	\$3,945,000
Engineering, administration, fiscal and legal service at 15%.....	592,000

Total Cost of Improvements.....\$4,537,000

Capacity rights payments with interest..... 728,000

Other Financing Costs:

Interest during construction (2 years at 7½%)..	\$1,050,000
Less interest earned	(263,000)
Bond reserve fund.....	470,000
Bond discount (1½%).....	105,000
Unallocated contingency fund.....	373,000

Total Other Costs.....\$1,855,000

Principal Amount, Series C Water Bonds.....\$7,000,000

MISSION VIEJO

MISSION VIEJO COMPANY

The Mission Viejo Company was formed in 1963 to develop land in the Rancho Mission Viejo, the second largest landholding in Orange County. The ranch, also known as the O'Neill Ranch, covered 53,000 acres of rolling countryside in the southern portion of the county. Mission Viejo Company conceived a master plan for controlled community development of about 11,000 acres of the Rancho Mission Viejo.

Construction of homes, commercial buildings, recreation and commercial facilities, schools, streets, and water and sewer lines began in 1966. Development in this first phase was concentrated outside Santa Margarita Water District, in the Moulton-Niguel Water District. According to the Mission Viejo Company, their property in Moulton-Niguel Water District is substantially developed. Development in the Santa Margarita Water District portion of Mission Viejo began in 1971 and continues to be the area where most new development is concentrated. Completed development in both portions is detailed below. The company estimates that as of December 31, 1974, 30,458 persons resided in Mission Viejo.

Mission Viejo Company was purchased in 1972 by Philip Morris Incorporated, pursuant to an option obtained in 1970. Officers and directors of Mission Viejo Company are as follows:

- John E. Cookman, Chairman of the Board;
- Philip J. Reilly, President and Director;
- James G. Toepfer, Senior Vice President, Housing Development Division, and Director;
- James G. Gilleran, Vice President, Administrative Services Division;
- G. H. Lodder, Vice President, Housing Development Division;
- Roger F. Clark, Vice President, Builders Services Division.

Other directors of the company are: Richard J. O'Neill, James E. West, Anthony R. Moiso, George V. Comfort, J. Jerome Moiso, Chandler H. Kibbee, Joseph F. Cullman 3rd, Thomas F. Ahrensfeld, George Weissman and Edward Lasker.

Capital investment through 1974 in Santa Margarita Water District by the Mission Viejo Company is \$45,-511,000. Mission Viejo Company's development plans for the immediate future in Santa Margarita Water District include continuation of housing programs that were successful in the first phase, as well as schools, shopping and other supportive community services.

Lake Mission Viejo, in the northern portion of Improvement District No. 1-W, is planned for an area of 125 acres, a totally planned community environment of about 5,000 dwelling units will be built in the lake influence area. Plans also call for services similar to those found in the other Mission Viejo neighborhoods, such as schools, parks, recreational and commercial facilities. Construction is currently underway on the lake portion of the project.

Mission Viejo Company has residential housing projects in Fresno and in Tempe, Arizona. In addition, another totally planned community is underway in Denver. Like the southern California Mission Viejo planned community, the emphasis is on residential land use with the balance in recreation, open spaces, shopping, schools and churches.

CURRENT MISSION VIEJO COMPANY INVESTMENT
WITHIN SANTA MARGARITA WATER DISTRICT
IMPROVEMENT DISTRICT NO. 1-W

	Amount Invested Through 1974
Highways, parks, electricity, water and sewer systems.....	\$ 3,355,000
Residential units and lots under construction	
Madrid	\$1,134,000
Castille	574,000
Barcelona	3,323,000
Casta del Sol.....	3,791,000
Planning areas	1,784,000
	10,606,000
Model compounds	
Castille	\$ 514,000
Madrid	602,000
Casta del Sol.....	712,000
	1,828,000
Recreation centers	
Marguerite	\$1,103,000
Casta del Sol.....	868,000
Stables	230,000
	2,201,000
Golf course (Casta del Sol).....	1,564,000
Commercial sites	137,000
School sites.....	444,000
Lake Mission Viejo.....	864,000
Undeveloped land costs (5,860 acres).....	24,445,000
Leased land improvements.....	67,000
Total Investment	\$45,511,000

Source: Mission Viejo Company.



Above: Mission Viejo Company has moved its headquarters into new offices near La Paz Plaza in Mission Viejo. The company has worked closely with Santa Margarita Water District in planning for development in Improvement District No. 1-W.

Below: Casta del Sol golf course is open while construction continues on nearby housing. *Photos by The Association, Costa Mesa.*



SOUTHERN ORANGE COUNTY

POPULATION AND LAND DEVELOPMENT

Orange County has the second largest population in California, behind Los Angeles County. Population as of July 1, 1974 as estimated by the State Department of Finance was 1,656,300, up 3.2 percent from 1973. The growth rate of the state as a whole is 1.0 percent. Orange County is one of 269 Standard Metropolitan Statistical Areas (SMSA's) in the United States, and has been one of the fastest growing.

Following World War II, rapid urban development began in northern Orange County, which is closer to the Los Angeles urban area. By 1960, as northern Orange County became increasingly urbanized, growth began to shift to the less densely populated central and southern portions of the county.

Several factors affecting the development of central and southern Orange County were freeway completion, availability of land, demand for housing and open space, and water supply.

Interstate 5 (I-5), also called the San Diego Freeway, was completed through southern Orange County in the 1960's. The freeway passed through the Irvine Ranch, in the central portion of the county, and the Rancho Mission Viejo further south, the two largest landholdings in Orange County. Thus these landholdings became accessible by freeway from the urbanized north. County-approved master plans for controlled development of land in both ranches have resulted in complete "new town" communities.

The Irvine Company was formed to manage 130 square miles of the Irvine Ranch. The land includes the City of Irvine and parts of Newport Beach, Laguna Beach, Santa Ana, Costa Mesa and Tustin. Homes and apartments are clustered in villages, each with its own identity. The 622-acre Newport Center offers community services, the hub of which is Fashion Island shopping center. Irvine Industrial Complex is master-planned as an industrial and research park adjacent to rail, air and freeway transportation. About 400 companies currently reside in the complex. Irvine's 1974 population was 26,600.

Mission Viejo development began in 1966 as new residents moved into homes constructed on former cattle grazing land. Mission Viejo Company's goal, like that of the Irvine Company, was to create a total community with homes, schools, shopping centers, parks, recreation facilities, industry, and commercial areas. The company estimates January 1, 1975 population at 30,458 persons, and 8,650 occupied dwelling units. Mission Viejo Company's estimated completion date for the Mission Viejo planned community development is 1988. At that time the company is projecting a total of 30,336 dwelling units and a population of about 91,150.

Water supply for the initial phases of Mission Viejo development was obtained through Moulton-Niguel Water District. Santa Margarita Water District was formed to include the land which will be developed in the current and later phases of Mission Viejo development, as well as all the remainder of Rancho Mission Viejo, and the adjacent Coto de Caza and Starr Ranch Properties, and land still held by the O'Neill Ranch family. All of Mission Viejo Company development is in the unincorporated area of Orange County.

EMPLOYMENT AND INDUSTRY

All of Orange County is a Standard Metropolitan Statistical Area (SMSA) for which employment figures are compiled by the California Employment Development Department. Employment statistics show the types of jobs held by Orange County residents. Due to changes in statistical compilation by the Employment Develop-

ment Department, employment figures are not available prior to 1973, so the December 1974 employment status is compared with the December 1973 to show changes over the one-year period.

The largest segment of employment in Orange County is manufacturing, employing 148,500. Trade is the second largest with 142,600 persons involved in both the wholesale and retail sectors. Services, with 104,500 persons, and government, employing 86,200, are the third and fourth largest employment categories.

Aerospace manufacturing, employing 63,000, is the largest sub-category within manufacturing. The major Orange County employers of aerospace goods include McDonnell Douglas, Rockwell International, Hughes Aircraft Company, Philco-Ford Corporation, Royal Industries, Beckman Instruments, and many smaller manufacturers.

The number of workers in the wholesale trade sector increased by 15.1 percent from year-end 1973 to 1974.

ORANGE COUNTY EMPLOYMENT BY INDUSTRY

	December 1973	December 1974	Percent Change
Number employed	646,800	676,300	+ 4.6%
Number unemployed	38,400	52,600	+37.0
Unemployment rate (adjusted)	5.7%	7.4%	n.a.
Durable goods manufacturing			
Lumber and furniture	6,100	5,800	- 5.2
Stone, clay and glass	3,500	3,300	- 6.1
Primary and fabricated metals	13,800	13,400	- 3.0
Non-electrical machinery	16,900	18,900	+11.8
Aerospace			
Electrical machinery	37,800	38,500	+ 1.9
Ordnance and aircraft	15,800	14,600	- 8.2
Instruments	9,200	9,900	- 7.6
Transportation equipment (excluding aircraft)	5,800	5,400	- 7.4
Other durable goods	5,500	5,500	0.0
Non-durable goods manufacturing			
Food	7,600	7,800	+ 2.6
Textile and apparel	3,600	3,700	+ 2.8
Paper and printing	10,000	9,700	- 3.1
Chemicals and petroleum refining	4,400	4,500	+ 2.3
Rubber, plastics and leather	7,900	7,500	- 5.3
Mining and construction	32,300	29,900	- 8.0
Transportation, communications, utilities	17,500	18,500	+ 5.7
Trade			
Wholesale	19,900	22,900	+15.1
Retail	108,900	119,700	+ 9.9
Finance, insurance, real estate	28,000	29,900	+ 6.8
Services	96,800	104,500	+ 8.0
Government			
Federal	8,300	8,700	+ 4.8
State and local	74,700	77,500	+ 3.7
Agriculture	6,300	6,100	- 3.3

Source: Employment Development Department, State of California.



Mission Viejo offers a range of recreational opportunities.

Left: Casta del Sol Recreation Center is open to residents of that active retirement community.

Above: The 1974 Virginia Slims Tennis Tournament, featuring such players as Rosemary Casals, Chris Evert, and Billie Jean King, was held in Mission Viejo.

Below: Cinema Viejo in Mission Viejo is a theater that provides entertainment for the whole family.

Photos by The Association, Costa Mesa.



Retail employees increased by 9.9 percent. During the first half of 1974, Orange County accounted for 13.9 percent of the 10-county Southern California retail sales, second only to Los Angeles County. Orange County has increased its share of the total each year since 1960.

Industrial employers of 500 or more are named in the centerfold. According to the Orange County Chamber of Commerce, 46 industrial manufacturers employ 500 or more persons; in 1968 there were 39 such employers. The names of the largest employers are shown on the centerfold.

Interstate 5 runs along the edge of Improvement District No. 1-W, Mission Viejo. About five miles northwest I-5 branches; the western bypass (I-405) serves Irvine, Costa Mesa, Fountain Valley, Westminster, and continues through Long Beach in Los Angeles County. The main portion of I-5 runs through Tustin, Santa Ana, Orange, Anaheim, and continues through Los Angeles. Saddleback Chamber of Commerce estimates that about 70 percent of Mission Viejo's work force work in Orange County, 25 percent in Los Angeles County, and 5 percent in other counties.

INDUSTRIAL PARKS

Irvine Industrial Complex lies about 15 miles northeast of Santa Margarita Water District. About 400 industrial firms have located in the complex, the largest of which include Beckman Instruments, Collins Radio Corporation, Parker-Hannifin Company, Bertea Corp., Varian Data Machines, Royal Industries, Xerox Corp., and Allergan Pharmaceuticals Corp.

The complex lies between I-5, I-405, and the Newport Freeway, adjacent to the Orange County Airport. Industrial sites are served by two railroads, the Santa Fe and the Southern Pacific. The Ports of Long Beach and Los Angeles are about 25 and 35 miles away, respectively.

Mission Viejo Industrial Park is currently under construction on a subdivision of about 90 acres. The 54-acre site of Burroughs, Inc., a \$9 million plant producing

computer systems, is adjacent to Mission Viejo Industrial Park. About 300 acres of the Mission Viejo development is master-planned for industrial uses.

TRANSPORTATION

Southern California has an extensive freeway system of about 1,600 miles of freeway in addition to over 3,000 miles of highway. According to the U.S. Department of Transportation, automobile and truck registrations in Orange County reached 1,034,812 in 1973, behind Los Angeles with 4,369,885. Passenger automobile registrations comprised 88 percent of the totals in both counties.

Interstate freeways 5 and 405 intersect about five miles north of Mission Viejo. Interstate 5 is a major north/south route between Southern California and the Pacific Northwest. Interstate 405 is an alternate belt route that branches from I-5 north of the urbanized section of Los Angeles, passes through the coastal cities of Santa Monica, Long Beach, and Huntington Beach, and finally rejoins I-5 five miles north of Mission Viejo. From Mission Viejo, mileage to employment centers is as follows:

Irvine	10 miles
Santa Ana	15 miles
Tustin-Orange	15 miles
Costa Mesa/Newport Beach	15 miles
Anaheim	20 miles
Downtown Long Beach	40 miles
Downtown Los Angeles	50 miles

Orange County Rapid Transit District (OCTD) now operates 108 buses over 33 routes serving cities in Orange County including Mission Viejo. A bus runs hourly from San Clemente through San Juan Capistrano, up the Marguerite Parkway into Mission Viejo and on to El Toro. Additional routes in the Mission Viejo area are being considered by OCTD. The master plan for rapid transit calls for expansion of bus service, Dial-a-Ride service (currently operating in one city) to every city and community, and construction of express freeway bus parking facilities.

ORANGE COUNTY HOUSING UNITS AND BUILDING VALUATIONS

	1968	1969	1970	1971	1972	1973	1974*
Dwelling Units Authorized							
Single family units.....	13,208	12,940	7,234	15,129	17,885	15,515	9,992
Multiple units	10,517	19,854	16,174	16,117	17,779	12,756	7,063
Valuations (\$000)							
Residential	\$438,532	\$573,623	\$386,610	\$600,000	\$741,486	\$656,872	\$453,945
Commercial	66,730	97,954	88,993	83,962	129,333	167,767	125,666
Industrial	62,238	58,841	46,577	46,326	74,858	126,440	104,799

* First eleven months.

Phase I construction has begun in Lake Mission Viejo. The lake will be private but open to the public on a fee or permit basis for boating and fishing.



Orange County Airport is located adjacent to Irvine Industrial Park, about 10 miles north of Mission Viejo. Golden West Airlines, Air California, and Hughes Air-west operate regularly scheduled flights from the airport. A shuttle service to Los Angeles International Airport and Ontario International Airport is provided at Orange County Airport. Rail service in Orange County is provided by the Santa Fe, Southern Pacific and Union Pacific rail companies. Amtrak provides passenger train service from Santa Ana throughout the west.

RETAIL TRADE

Commercial development in the Mission Viejo area is planned around the individual neighborhoods. Several small neighborhood shopping centers are existing and two are under construction. Two Safeway Markets, an Alpha Beta food market, and a Thriftmart Supermarket are now open in Mission Viejo neighborhoods. La Paz Plaza serves the entire community. Tenants include Bank of America, United California Bank, Crown Drug Co., Allstate Insurance Co., Keystone Savings & Loan, several specialty stores and a theater.

Mission Viejo Auto Plaza, developed on 70 acres of land adjacent to Interstate 5, is an automobile sales and service facility. The center includes sites for domestic and foreign dealerships, office space, auto accessories, and service facilities. Presently in operation are Toyota, Mercedes Benz and Fiat, BMW, and Honda cycle dealerships. Undeveloped sites are owned by Chrysler-Plymouth and Dodge.

MISSION VIEJO COMPLETED DEVELOPMENT, 1975

Moulton-Niguel Water District	Santa Margarita 1-W
7,125 occupied homes ^①	1,525 occupied homes
Schools	Casta del Sol recreation center
4 preschools	Casta del Sol Golf Course
8 elementary	Elementary school ^②
1 intermediate	Lake Mission Viejo ^②
Mission Viejo High School	Marguerite Recreation Center
Saddleback Community College	Mission Viejo Elks Club
Mission Viejo Library	Orange County fire station
Mission Community Hospital	2 shopping centers
La Paz Medical/Dental Professional Center	Mission Viejo Equestrian Center
Sierra Recreation Center	
Montanoso Recreation Center	
Mission Viejo Golf Course	
Mission Viejo Golf Clubhouse	
Mission Viejo Inn and Restaurant	
La Paz Plaza	
Mission Viejo fire station	
Old MacDonald's Farm amusement center	
Mission Viejo industrial park ^②	
5 shopping centers	

^① Occupied dwelling units; includes 144 apartment units.

^② Under construction.

Fashion Island, in Newport Beach, is a regional shopping center for central and southern Orange County. About 15 miles from Mission Viejo, Fashion Island contains four major department stores, and 56 specialty shops and restaurants. South Coast Plaza in Costa Mesa, Laguna Hills Mall in Laguna Hills, Bullock's Fashion Square in Santa Ana, are other nearby shopping centers.

Retail sales in Orange County for the first half of 1974 were \$1,740,000, up 7.9 percent from the first half of 1973, according to the State Board of Equalization. Effective buying income, as estimated by *Sales Management* magazine for Orange County is \$7,725,720,000, or \$4,867 per capita. Per capita effective buying income is fifth highest of the California metropolitan areas and ranks higher than that of Los Angeles County.

COMMUNITY FACILITIES

Water and sewer services for Mission Viejo residents are provided by either Moulton-Niguel Water District or Santa Margarita Water District. General obligation bonds have financed most of the utility improvements. Pacific Telephone Co., Southern California Gas Co., Southern California Edison Co. and San Diego Gas & Electric Co. provide other utilities, all of which are underground.

The community is served by Mission Community Hospital, a 212-bed facility offering patient care, 24-hour emergency room, a separate 35-bed intensive care unit, and a recuperative care unit. La Paz Medical/Dental Center and a new medical/dental center provide support services to the hospital.

Municipal services such as police and fire protection are provided by Orange County as Mission Viejo is unincorporated. Three county fire stations are located in Mission Viejo, one station site having been donated by the Mission Viejo Company.

A newspaper, the *Mission Viejo Reporter*, is published monthly by the Mission Viejo Company. Mission Viejo Cablevision, a subdivision of Tele-Communications, Inc., brings television cable service to the area, enabling residents to receive Los Angeles and San Diego stations.

EDUCATION

Mission Viejo is served by four pre-schools, eight elementary schools, an intermediate school, other schools outside Mission Viejo, and Mission Viejo High School. Mission Viejo High School occupies a 55-acre site near the entrance to the community. Plans for a new high school are now being drawn.

Saddleback Community College in Mission Viejo offers two-year programs leading to an AA degree or transfer to a four-year institution. Enrollment in 1974 was 6,103. The college district covers a 376-square mile area including most of southern Orange County.

University of California, Irvine, is one of the university's nine campuses. Five schools are central to the academic structure at Irvine: biological sciences, fine arts, humanities, physical sciences, and social sciences. Professional degrees are offered in engineering, business administration, and medicine. Fall 1974 enrollment was 8,764 including graduate and medical students. University of California, Irvine, is about 15 miles from Mission Viejo.

RECREATION AND TOURISM

Mission Viejo currently has five neighborhood parks and a 26-acre wilderness area. Mission Viejo Company plans to have 26 neighborhood and two community parks by the time the present Mission Viejo planned community is fully developed, in about 1990. Three recreation centers, Montanoso, Marguerite, and Sierra Centers are private facilities whose members are entitled to use any one of the centers through individual memberships. Casta del Sol Center is an adult recreation center open to residents of that adult neighborhood. Casta del Sol and Marguerite Recreation Centers are located in Santa Margarita Water District.

In addition to the facilities of parks and recreation centers, the community has many recreation programs and planned activities. Several special interest groups are active in Mission Viejo, and service organizations such as Elks, Kiwanis, and Lions Clubs are open to membership within the community.

ORANGE COUNTY GROWTH INDICES

	1950	1960	1965	1974
Population	216,224	703,925	1,123,657	1,656,300
Assessed valuation ^①	\$ 439,154	\$1,142,227	\$ 2,058,416	\$6,311,522
Manufacturing employment	n.a.	47,144	100,200	148,500
Vehicle registration	113,989	378,054	668,871	1,034,812 ^②
Taxable sales ^①	\$ 206,779	\$ 906,118	\$ 1,657,952	\$4,701,633 ^②
Bank debits ^①	\$1,941,364	\$6,418,990	\$14,941,216	\$5,202,039

① In thousands of dollars.

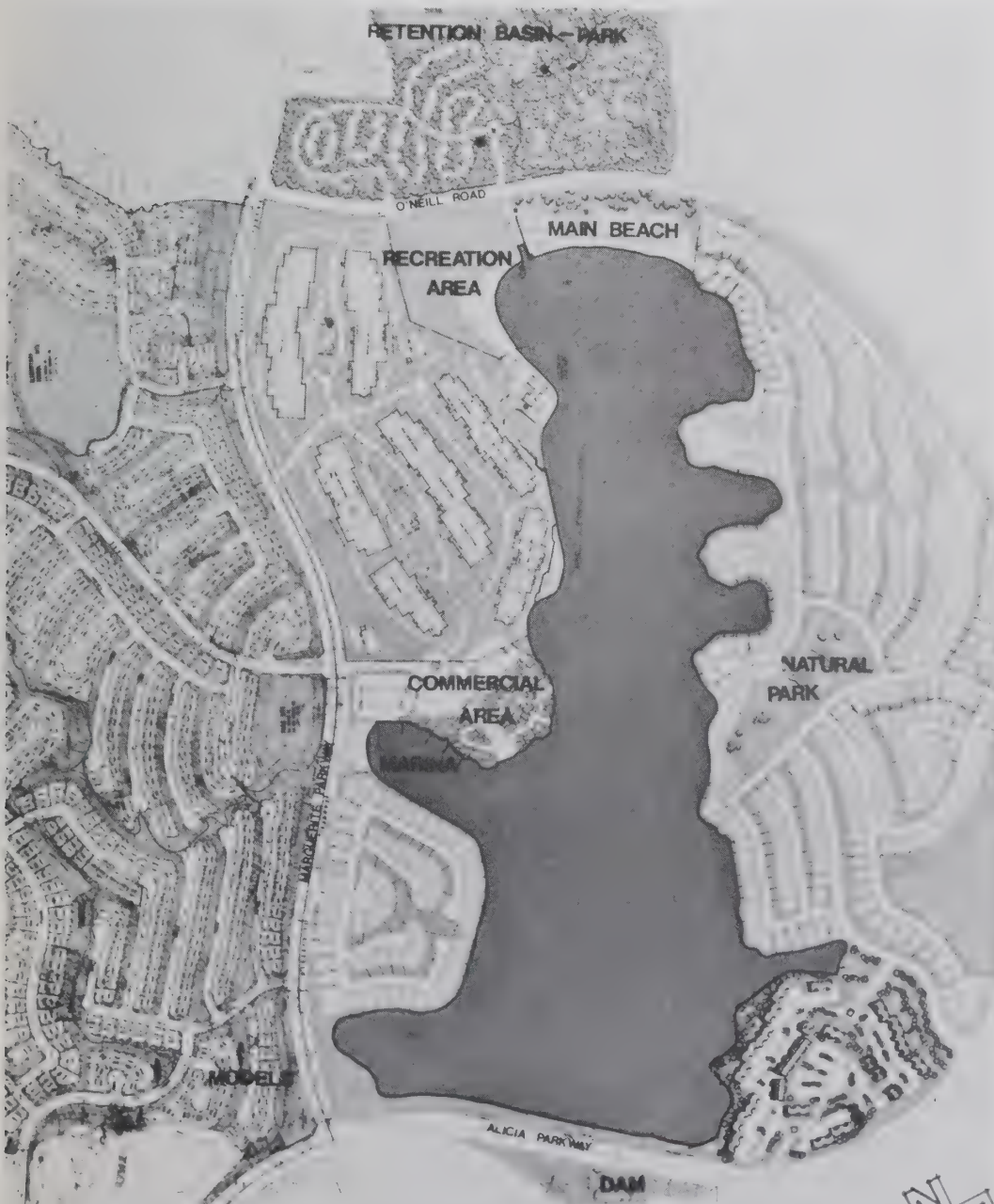
② 1973 figure.

Golf is played by members of the Mission Viejo Golf Club or at the public course at Casta del Sol. Mission Viejo Golf Course, designed by Robert Trent Jones, is 6,600 yards with 50 traps and 5 lakes, with a par of 72. Adjacent to the clubhouse is Mission Viejo Inn, open to the public with restaurant facilities. Currently the Mission Viejo Inn is being enlarged to further accommodate growth of the area. Casta del Sol Golf Course is a 3,621 yard 18-hole executive golf course.

Spectator events such as the Virginia Slims Pro Tennis Tour, the Los Angeles International Swim Meet and the Southern California Professional Golfers Association Championship have been hosted at Mission Viejo recreation facilities.

Dana Point Harbor is a recently constructed marina and yacht harbor about 10 miles from Mission Viejo. About 1,400 pleasure boats are kept at Dana Point Harbor, where there are also several restaurants, shops and a yacht club.

Orange County attracts visitors to several major tourist centers, such as Disneyland, Knotts' Berry Farm, Lion Country Safari, and Mission San Juan Capistrano. The Pacific Ocean beaches, Palm Springs desert resorts, and nearby mountains offer a wide range of recreational activities for area residents as well as travelers from out-of-state. The Southern California Visitors Bureau estimates that \$1.45 billion was spent by out-of-state visitors to Southern California in 1972/73.



Raub, Bein, Frost and Associates designed the plot plan for Lake Mission Viejo. The project, in Improvement District No. 1-W, is expected to be completed in late 1975. Mission Viejo Company estimates that the cost of the lake will be about \$5.6 million.

LAKE MISSION VIEJO



CEDRIC A. WHITE, JR., M.A.I.

REAL ESTATE APPRAISER

292 WILSHIRE, SUITE 106 • ANAHEIM, CALIFORNIA 92801 • (714) 774-0510

April 17, 1974

Santa Margarita Water District
c/o Mr. Fritz Stradling
Rutan and Tucker
P. O. Box 1976
Santa Ana, California 92702

Dear Mr. Stradling:

Re: Improvement District Nos. 1-S & 1-W
Santa Margarita District
±6,514 acres
Orange County, California

In accordance with your request of January 29, 1974, we have completed an investigation of the above mentioned land. The purpose of our inspections and analysis has been to estimate the fair market value thereof, as of April 1, 1974.

Our inspections have occurred over various dates. The final inspection occurred on April 3 in the company of Mr. Jeff Lodder and Mr. Paul Cunningham, of Mission Viejo Company. Based upon our investigation and analysis, the following conclusion has been arrived at:

FAIR MARKET VALUE	\$60,000,000
-------------------	--------------

Allocated as:

Raw land, 5,577 acres	\$28,000,000
Developed Land,	
<u>937 acres</u>	<u>\$32,000,000</u>
6,514	\$60,000,000

Submitted with this letter is a SUMMARY APPRAISAL REPORT. Additional factual information and market data is contained in previous appraisal reports, including the October, 1972 report by George H. Jones, M.A.I.

This evaluation is about 2 1/2 times the October, 1972 evaluation of 24.7 million. In summary, there are several major reasons for

Santa Margarita Water District
April 17, 1974
Page 2

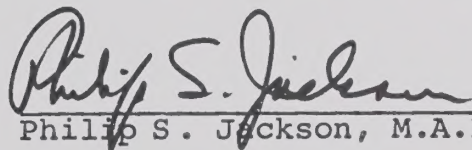
this. First, land development costs of \$2.7 million as of October, 1972 have increased to \$18.882 million as of April 1, 1974. Second, the land value trend has been upward. Third, this very desirable land development by Mission Viejo Company has divided the developed acreage into smaller parcels with increased marketability. Fourth, from the standpoint of time, the raw acreage is nearer to development by 1 1/2 years than the previous appraisal.

This is to certify that the undersigned have no personal interest in the subject property, nor have we in the past; that the fee for the appraisal is in no way contingent upon the value conclusions derived; and that the appraisal has been made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers, of which we are members.

Very truly yours,



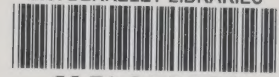
Cedric A. White, Jr., M.A.I.



Philip S. Jackson, M.A.I.

CAW:dh

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